

LEON Jaworski, the Watergate special prosecutor, once approved a mysterious loan of \$850,000 to lobbyist Jake Jacobsen and his business partner, Ray Cowan.

Jacobsen is now under federal indictment on two counts of lying to a Watergate grand jury about an alleged milk bribe, and also for misapplying \$825,000 in funds from one of his banks.

Cowan, also indicted in the bank fund misapplication, is a fugitive. He fled the country and is

believed hiding out in South America.

The twists of fate that have tied Prosecutor Jaworski to defendant Jacobsen and to the embattled John Connally—all from Texas—is one of the human dramas emerging from the Watergate scandal.

Jaworski approved the loan to Jacobsen and Cowan in his position as board member of the M. D. Anderson Foundation.

The most startling feature of the transaction is that the foundation

claims not to know when the loan was made.

The date could be crucial in determining its legality.

The Star has pieced together the strange circumstances leading to the loan.

Jaworski, before his appointment as Watergate special prosecutor on the recommendation of Connally, was a partner in the law firm Fulbright, Crooker and Jaworski.

Fulbright and Crooker are dead so Jaworski is the head of the firm or, as he

likes to put it: "I'm the captain of this ship."

The Jaworski legal firm over the years built up a strong corporate clientele.

One of its main clients was the world's biggest cotton merchants, Anderson, Clayton and Co. It was headed by millionaire M. D. Anderson.

During his life, Anderson set up a charitable tax-exempt trust.

The president and chairman of the board of trustees of the Anderson Foundation is John H.

Freeman, a Jaworski law firm partner.

Another member of the board is W. B. Bates, also a Jaworski partner.

Also on the board is A. G. McNeese, chairman of a Houston bank in which Jaworski's law firm maintains the controlling interest.

The first indication that the Anderson Foundation had granted a loan to Jacobsen and Cowan appeared in the 1970 tax return filed by the foundation.

Under Item 21 of the return, the foundation listed its notes receivable as \$1,300,211.46.

Of that, the largest single sum was \$849,942 in the name of Jacobsen and Cowan.

The money, it noted, was advanced against securities presented.

There is no explanation why the loan was made, despite the fact that it is unusual for foundations to make money by lending money to private individuals.

Foundations usually in-

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vest their funds or disburse them for charities or research.

Seldom do they set themselves up in competition, so to speak, with banks and other financial institutions to lend money.

The loan is even more puzzling when it is recognized that Jacobsen himself had a controlling interest in seven banks and savings and loan institutions.

Yet the loan approved by Jaworski to Jacobsen and Cowan was not the only one of its kind.

In the foundation's return for 1971, it is revealed that it also loaned \$500,000 to Mr. Hugh Buck.

Mr. Buck is a partner in the Jaworski law firm.

Again, it is extremely rare that a foundation will dispense largesse to private friends of a foundation's board.

The most amazing aspect of the whole affair is that the Jaworski-bossed foundation says it does not know precisely when the loans were made.

It is incomprehensible that any foundation or in-

stitution could make loans of \$850,000 and \$500,000 without recording the dates.

The dates could be vital since the tax reform law of 1969.

Jaworski's law partner, John Freeman, said that the loan to Jacobsen and Cowan was made about ten years ago.

The loan to Buck, he said, was an "old loan." He added that it might have been made anywhere from four to seven years ago.

If Freeman is correct,

why did a ten-year-old loan suddenly surface on a 1970 tax return and another "old loan" suddenly appear on a 1971 return?

Jaworski, at the start, disqualified himself from the investigation of the milk fund, involving Jacobsen and Connally, because of possible conflict.

**'You've got to
politicians go
... they won**